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FISCAL IMPACT REPORT

SPONSOR: Lopez DATE TYPED: 3/11/03 HB _____
 SHORT TITLE: Workforce Training Act SB 418/aSEC/aSFC
 ANALYST: Collard/Williams

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	NFI				

(Parenthesis () Indicate Expenditure Decreases)

Duplicates HB 160

Relates to HB 392, HB 394, HJM 103, SB 368, SB 370, SB 221 and SB 14

Relates to funding in SB 655

SOURCES OF INFORMATION

Responses Received From

New Mexico Labor Department

Commission on Higher Education

Economic Development Department

New Mexico State Department of Education

SUMMARY

Synopsis of SFC Amendment

The Senate Finance Committee amendment removes the appropriation. Funding is included in Senate Bill 655.

Synopsis of SEC Amendment

The Senate Education Committee amendment adjusts the formula calculation from projected number of students to projected student credit hours and adds language to require a credit-hour equivalent of courses normally considered under the tier-2 undergraduate funding level. This amendment addresses some of the CHE concerns outlined below.

Synopsis of Original Bill

Senate Bill 418 appropriates \$3 hundred thousand from the general fund to the Commission on Higher Education for the purpose of implementing the Workforce Investment Act.

Significant Issues

Senate Bill 418 creates a Workforce Training Program to provide customized, non-credit training opportunities at New Mexico community colleges for members of the workforce who require specialized training to obtain or advance in employment. The bill sets forth a plan for distribution of these funds to the state's community colleges in which an institution would receive a proportionate share of the total funds appropriated based on the number of students enrolled at that institution and the total number of such students enrolled in the state. The Commission on Higher Education (CHE) is charged with the responsibility to develop and include these amounts in its budget for each subsequent fiscal year. A series of eligibility qualifications for community colleges are also included in the bill. This requires a community college to annually increase the number of businesses and employees served.

CHE notes the formula contained in Senate Bill 418 raises the following issues:

- formula treatment of courses bearing credit versus courses without credit;
- the number of students in training compared to the number of hours of training;
- instructional costs of the workforce training programs
- approval of workforce training courses

Credit courses versus courses without credit –

The Blue Ribbon Task Force Base Plus formula model uses the per course credit hours to determine funding per student per course. For example, a 3 hour lab course which awards 1 hour of student credit generates 1 unit of formula funding per student. A 3 hour theory course which awards 3 hours of student credit generates 3 units of formula funding per student. Senate Bill 418 does not stipulate the treatment of non credit course contact hours.

Number of students in training compared to the number of hours of training required –

The formula in Senate Bill 418 instructs the commission to distribute workforce training funds based upon the number of students enrolled in a customized training program. Distribution of funds based upon the number of students without consideration of the number of contact hours required for completion of a training program will result in the inequitable funding of non-credit courses. Per 21-1-26 NMSA 1978, the commission is charged with the equitable distribution of available funds.

Instructional costs of the workforce training programs –

The Blue Ribbon Task Force Base Plus formula model does change the methodology by which public higher education in New Mexico is funded; and even though the instructional cost model has not been updated in quite a few years, the Blue Ribbon model continues to be based upon the instructional costs borne by institutions in offering academic courses. In Senate Bill 418, the commission is directed to use Tier II of the undergraduate funding level in calculating the non-credit course value. A cost study of the non-credit courses has not been conducted. It can not be determined whether or not the Tier II funding level would be adequate to meet the needs of the institutions. Per 21-1-26 NMSA 1978, the commission is charged with the adequate funding of courses.

Approval of workforce training courses –

Senate Bill 418 does not provide a mechanism by which non-credit courses are approved prior to funding. Per the “Feasibility of Funding Non-Credit Instruction at Community Colleges for Work-force Development” report prepared by David McKinney, “all states that fund non-credit instruction appear to have policies and procedures in place that limit non-credit instructional support only for workforce training type programs. They require prior approval of courses funded or have approved a syllabus of courses.”

FISCAL IMPLICATIONS

The appropriation of \$300.0 contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY04 shall revert to the general fund.

ADMINISTRATIVE IMPLICATIONS

The CHE notes beginning in the second year of implementation funding is to be distributed based upon the number of students enrolled in customized training in the prior year at all of the community colleges participating in the workforce training program. CHE maintains a state-level, statewide Data Editing and Reporting System (DEAR). Institutions submit student data to the commission via DEAR.

Currently, neither non-credit courses nor students in non-credit courses are reported to the commission. In order to run the formula in Senate Bill 418, the commission would be required to modify DEAR so that non-credit course data could be submitted to the commission. Additionally, the institutions would be required to modify their processes so that they may collect and submit the data to the commission.

Neither administrative funding nor additional FTE for these modifications are included in this bill.

The New Mexico Labor Department (NMDOL) indicates enactment of this bill will require an increase in staffing of the One-Stop-Operators to investigate whether a participant is receiving state funding that duplicates the federal Workforce Investment Act funding already being provided to the participant.

DUPLICATION and RELATIONSHIP

Senate Bill duplicates House Bill 160. Senate Bill 418 relates to House Bill 392, House Bill 394, Senate Bill 368, Senate Bill 370, Senate Bill 221, and Senate Bill 14 as they all implement portions of the Blue Ribbon Task Force Base Plus Incentives funding model.

TECHNICAL ISSUES

NMDOL notes the legislation contains no standards for determining eligibility for participation in the program and no provision for the issuance of regulations to clarify eligibility issues.

OTHER SUBSTANTIVE ISSUES

CHE notes that while in-plant training is geared toward employers and Workforce Investment Act programs are aimed at unemployed or under employed individuals, the Workforce Training Act is directed at training for persons already employed.

CHE also notes in the 2002 interim, the Commission on Higher Education named a Blue Ribbon Task Force to determine the desire and necessity for recommending a significant change in New Mexico's higher education funding formula. The resulting Blue Ribbon Base Plus Incentives funding model addresses the following issues:

- Supports both increased access and economic development for New Mexico,
- Makes the funding model easier to understand, and
- Rewards successful institutions, successful students, and success in serving New Mexico's economy and quality of life.

In the Task Force discussions, non-credit workforce training was not forgotten. As the community colleges have not been required to submit non-credit course information to the commission via DEAR, many community colleges have not implemented internal systems for collecting non-credit data. Thus, the decision was made to not seek a formal formula addition for non-credit courses at this point in time. However, the commission is committed to seeking formula change for non-credit courses upon the collection and submission of needed non-credit course data.

As an alternative, the Blue Ribbon Task Force recommended the creation of the Work Force Skills Development Fund. The commission has recommended \$1 million be appropriated to this matching fund for broad-based entry-level high-skills training programs which will result in economic development for the State of New Mexico.

NMDOL notes that Senate Bill 418 includes the same training concepts as are federally mandated by the Workforce Investment Act, and is concerned about duplication of services. There are a number of duplicative or similar workforce training programs throughout many departments in the state. It would benefit the state to consolidate these programs under one umbrella, namely the Office of Workforce Programs in the Governor's office, to streamline and not duplicate workforce development services across the state. The following departments have some sort of workforce development or training program:

- ? Commission for the Blind;
- ? Commission on Higher Education;
- ? Commission on the Status of Women;
- ? Corrections Department;
- ? State Department of Public Education;
- ? Labor Department;
- ? Economic Development Department;
- ? Energy, Minerals and Natural Resources Department;
- ? Governor's Office;
- ? Human Services Department;
- ? State Agency on Aging;
- ? State Highway and Transportation Department; and
- ? Veterans' Service Commission. **KBC/njw**